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The following article appeared in The Malibu Times on 4/5/00.

"DEVELOPERS CLASH OVER BEACHFRONT BUY"

The controversial sale of a Malibu beachfront property, purchased solely to trade to the state for development rights, involves a prominent Los Angeles developer, a mayor's wife, a university, and the California Coastal Commission.

The property, owned by Pepperdine University, separates two stretches of private homes on La Costa and Carbon beaches and has been in escrow for more than a year awaiting determination by State Lands as to location of the mean high tide line.

Local developer Jeff Greene says he agreed to buy the property in summer of 1998 for \$800,000 with existing approval from Malibu's Planning Department for a 3,000 sq. ft. home.

"Pepperdine kept giving extensions to wait for the State Lands survey," Greene said. "They were acting in good faith. They extended to March 2000." Pepperdine did request an additional \$2,500 a month, which Greene says he paid into escrow.

But earlier this year, Greene said he began getting calls that Pepperdine might not extend the escrow again because "they were getting pressure from the mayor's office." Then he says he got a call from developer Eli Broad's attorney saying they were interested in buying the lot. "I'm not interested in selling. I'm interested in building the house," Greene said.

Attorney Andrew Cushnir reportedly told Greene, "Broad and others on his beach want to buy the lot so they can donate it to the state so they don't have to have view corridors by their houses." Among "others on his beach" would be Mayor Richard Riordan's wife, Nancy Daly, who has petitioned the California Coastal Commission to mitigate the view protection provision on her property. Coastal is scheduled to hear on Wednesday her application to demolish three single-family homes and a 180 foot bulkhead on Carbon Beach and replace them with one, 14,210 sq. ft. home. Daly also seeks to move a previously identified public view corridor at 22338 Pacific Coast Highway to another property. The coastal panel will consider a similar request by developer Eli Broad for two parcels at 21958 and 22368 PCH (Gamma Family Trust); 21704 PCH is the mitigation site.

Carbon Beach residents say they were never notified of the hearing, which was originally scheduled for May because there was no room for it on the April agenda but subsequently moved ahead anyway. Coastal Commission staff did not return calls to The Malibu Times Tuesday.

"I don't think enough people were notified," said Lou Adler, who lives two doors west of the subject property. He says he is worried the coastal panel "will ramrod this thing through without investigating it." He says he understands the buyers trying to avoid public access beside their homes, but the narrow strip of sand, on a dangerous curve of PCH, with inadequate parking, is not suitable for a public beach. "I'm not even thinking about viewpoint or access. The state has to be interested in the lives of people goin to the beach there." Another Carbon Beach resident says he found out from a local attorney that Broad was buying the property jointly and giving it to coastal in exchange for moving the view corridor from his property. "It's 80 feet for 80 feet," said Paul Zimmerman. "What bothered me a lot is how Broad would react if someone did the same thing to him."

A local real estate agent, who spoke on condition of anonymity, said Pepperdine was under pressure not to extend Greene's escrow and had transferred title to Broad and Daly. There also was no public hearing on plans to turn the property into public beach. "Neighbors should have been notified," he said. "The thing that makes it a scandal is they used pressure to get Pepperdine to cancel a valid escrow." He noted it would completely change the neighborhood. "An EIR on public beach is usually required. Coastal would require it for someone else." Greene said in order to submit his building plans to the Coastal Commission, he needed State Lands determination of the mean high tide line. "It's usually a rubber stamp. They look at it and sign it off. In this case, the lot is so skinny it may be the first time State Lands ever did a full survey over the course of a year."

In late February, Greene said, he contacted civil engineer Lynn Heacox, whom Pepperdine hired to do surveys at the same time as State Lands. "Results of the first two surveys were that the house design was OK, so I decided to close March 1 without waiting," he said. "I would take the gamble."

Dennis Torres, Pepperdine's director of real estate, said Greene's escrow had been extended too long. "I put a final drop-dead date of March 1 on it. It said if the transaction doesn't close for any reason whatsoever, both parties are released from obligation." Then, Greene discovered Pepperdine had revised the plans and had to get new approval from the city. "When we were ready to close, they didn't have the planning approval that was in the purchase agreement. Now they needed a variance for city approval." "My expediter put in an amended plan, and the city said it may require a variance," Torres said. "We always had approval in concept, we still have it. This was not done to discourage Greene. I told him before there was any one else in the picture that we weren't going to extend after March 1."

Torres maintains there was no pressure from Broad, Daly, et al to sell to them instead of Greene even though they would pay more money. "They wanted to buy it from Greene. They said, 'We want you to do us a favor. We want you to give him one more month.' They thought he would close and accept their offer. Their interference was in his favor."

Torres said he agreed, but the extension was only if they could make a deal with him. They couldn't because he wanted more than they were willing to pay. Greene said Broad's representatives made him a small offer on the property, about 10 per cent of what he would have made developing the property. "I asked them how they know it will be approved by Coastal." He said they indicated it was a done deal. "They did it very fast. Daly and Broad knew I was buying the property, and Pepperdine knew I wanted mediation."

The Coastal Commission meets at 9 am April 12 at The Queen Mary, 1126 Queens Hwy, Long Beach. The commission's Ventura office number is 805-641-0142.